

AGENDA



RCA	Austin City Council	Item ID	6403
Meeting Date:	06/09/2011	Department:	Planning and Development Review

Subject

Approve a resolution authorizing the issuance by Travis County Municipal Utility District No. 10, formerly known as Point Venture II Municipal Utility District ("District"), of Combination Unlimited Tax and Revenue Bonds, Series 2011, in an amount not to exceed \$1,150,000, and approving a substantial draft of the District's Bond Resolution and the Preliminary Official Statement.

Amount and Source of Funding

No fiscal impact to the City. The City has no responsibility for payment on District bonds unless the District is annexed by the City.

Fiscal Note

Purchasing Language:	
Prior Council Action:	
For More Information:	Jackie Chuter, 974-2613; Sylvia Arzola 974-6448
Boards and Commission Action:	To be reviewed by Water & Wastewater Commission on June 8, 2011.
MBE / WBE:	
Related Items:	

Additional Backup Information

The City of Austin and the Point Venture II Municipal Utility District, now known as Travis County Municipal Utility District No. 10 ("District"), entered into the "Agreement Concerning Creation of Point Venture II Municipal Utility District" on May 6, 1988. The District was created by the Texas Water Commission, predecessor to the Texas Commission on Environmental Quality ("TCEQ"), on May 17, 1989. The District contains approximately 590 acres and is located in the extraterritorial jurisdiction ("ETJ") of the City of Austin and the ETJ of the City of Lago Vista on Lohman Ford Road approximately 5.5 miles south of FM Road 1431.

The City has received a request from the District to approve a District bond sale in the amount of \$1,150,000. The total amount of bonds authorized for the District is \$20,300,000 in combination unlimited tax and revenue bonds and \$13,200,000 for refunding purposes. The District has previously issued the Series 2004 bonds in the amount of \$1,920,000 and the Series 2010 bonds in the amount of \$3,570,000. After the proposed bond issue, \$13,660,000 in unlimited tax and revenue bonds and \$13,200,000 in refunding bonds will remain authorized but unissued.

The proceeds from the proposed bond issue will fund the full cost of the following projects:

- a. Facilities for Waterford on Lake Travis Section 4A, including water, wastewater, drainage, lift station number

- 3, and erosion control
- b. Land costs for lift station number 3
- c. Land costs for Section 7 water quality ponds
- d. Engineering for Waterford on Lake Travis Section 4A

The bond issue will also fund associated nonconstruction costs including legal fees, fiscal agent fees, interest, bond discount, bond issuance costs, the bond application report, the Attorney General's fee, and TCEQ fees.

The District purchases raw water from Lake Travis through LCRA and operates its own water treatment plant. The District also operates a wastewater treatment plant and surface drip irrigation system. Currently, the District serves 107 equivalent single-family water and wastewater connections. At full build-out, the District will serve 332 equivalent single-family water and wastewater connections.

The TCEQ order dated February 24, 2011, and approving this bond issue states that the maximum net effective interest rate for this issuance should not exceed 5.90%. Further the TCEQ order granted the District's request for a waiver of the 30% developer contribution requirement associated with this request. The proposed combined maintenance and debt service tax rate after issuance of the bonds is \$0.91 per \$100 of assessed value. The District bonds are the sole obligation of the District unless the City annexes the District. This District is not included in the City's annexation plan at this time. Under the City of Austin's interlocal agreement with the City of Lago Vista dated April 15, 2004, the remainder of the District will be released to the ETJ of Lago Vista when the criteria in the interlocal agreement are met.

The consent agreement for the District requires City approval for all bond sales. City departmental staff from the Austin Water Utility, Parks and Recreation, Emergency Medical Services, Planning and Development Review, Neighborhood Housing, Finance-Treasury, Watershed Protection, Fire, and Law reviewed the District's consent agreements. Staff found that the district did not initiate a water quality monitoring program as described in the consent agreement. Also, the district has not submitted the required reports on the operation of the wastewater treatment plant and effluent irrigation system. The opening of the wastewater treatment plant was delayed until 2005, the irrigation system was changed from the spray system that was originally planned to a surface drip system, and residential construction in the district has been slow. However, the District has committed to initiating the water quality program within the next six months and submitting reports on the treatment plant and irrigation system with each bond issue from this time forward. Therefore, City staff recommends approval of the issuance of \$1,150,000 in District Unlimited Tax and Revenue Bonds, Series 2011, contingent upon review and approval of the final bond offering documents by the City Chief Financial Officer's designee.